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SEP 27 1956

MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT : Revised Administrative Plan for SR Division
FI Project AEMARSH

I. Background

1. The Administrative Plan for the subject project was authorized by the DD/S on 1 December 1953 and approved by the DD/P on 3 December 1953. This Plan provided for the formation of AEMETHOD (a nonprofit membership corporation) whose primary function was to furnish financial support and to serve as a backstop for the cover activities engaged in by AEMINX.

2. This project was classified as a proprietary activity and the reason it was so classified was due to the fact that the funding mechanism, AEMETHOD, ^{WAS} ~~was~~ to be a nonprofit membership corporation. The instrumentality to carry out the operational activities was, and still is, AEMINX, a nonprofit cultural organization.

3. It subsequently developed that a cleared individual was used to pass funds to AEMINX and therefore AEMETHOD was never utilized, in fact AEMETHOD was never established.

4. The SR Division and the Audit Staff have requested that a revised plan be written which will eliminate the provision relating to the formation and control of the funding mechanism.

II. Purpose of this Provision

5. This revised plan ^(a) eliminates the provisions relating to the formation and control of AEMETHOD and covers the Subsidy phase of project AEMARSH, and (b) *Rev PP 6.*

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHODSEXEMPTION 3020
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5. Provides for the writeoff to cost of certain office equipment including a used duplicating machine which was purchased in 1954 for the use of AEMINK, the subsidized organization. This equipment is now carried as an investment of KUBARK in the amount of \$ [] . The SR Division states that, due to the operational situation, it is inconceivable that this equipment can ever be securely recovered.

III. Approved

6. Project AEMARSH was originally approved on 5 March 54 by COPS/DDP in the amount of \$4,464 and has been in continuous retroactive to 1 Dec 53 operation since that time.

IV. Recommendation

7. The attached Revised Administrative Plan has been concurred in by all interested Staffs and Divisions and is recommended for your approval.

[] Chief
Project Administrative Planning Staff, DD/S

[]
Project Officer

PAFS/DDP/LAB:pal
(27 September 1956)

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